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Department of State

TELEGRAM

PET 15-2 LIBYA

(E)

1

184

EXCISE

Tripoli 2308 12-16-71

CONFIDENTIAL S64

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51 L
ACTION AF-13

INFO OCT-01 EUR-20 NEA-09 PM-06 NSC-10 SS-14 RSC-01
CIAE-00 INR-06 NSAE-00 E-11 COM-08 INT-06 OEP-01
TRSE-00 L-03 PRS-01 RSR-01 /111 W
080864

P R 161518Z DEC 71
FM AMEMBASSY TRIPOLI
TO SECSTATE WASHDC PRIORITY 8328
INFO USINT ALGIERS
AMEMBASSY BENGHAZI
AMEMBASSY LONDON
AMEMBASSY ROME

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY cj DATE 6-7-81
PORTIONS DENIED AS INDICATED

C O N F I D E N T I A L TRIPOLI 2308

DEPT PASS CAIRO

SUBJ: NATIONALIZATION OF BP

REF: (A) TRIPOLI 2302 (B) BENGHAZI 479 (NOTAL)

SUMMARY: [redacted] B1 ON RHETORICAL FRONT, LARG HAS ISSUED STATEMENTS INSISTING ON ITS SOVEREIGN RIGHT TO NATIONALIZE AND GIVING REASONS FOR LEAVING STERLING AREA. ON OPERATION LEVEL LARG IS SEEKING VARIOUS AVENUES TO RECRUIT EXPATRIATE PERSONNEL TO KEEP FORMER BP OPERATION GOING. END SUMMARY

1. [redacted] B1

(1)

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[redacted]

STANDING CLAIMS AGAINST UK.]

2. [redacted]

B1

3. LARG ISSUED TWO STATEMENTS DEC 15 (FULL TEXTS REPORTED FBIS) WHICH, TAKEN TOGETHER, REPRESENT ATTEMPTS TO PUT ON BEST POSSIBLE FACE FOR THE REST OF THE WORLD FOLLOWING NATIONALIZATION. STATEMENT BY MINISTRY OF PETROLEUM REBUTS PREVIOUS BP STATEMENT THAT THERE WERE DIFFERENCES OVER THE APPLICATION OF CONCESSION PROVISIONS AND THAT ARBITRATION OF THE ISSUE WAS MANDATORY. MINISTRY STATEMENT CLAIMS THERE WERE NO DIFFERENCES CONCERNING THE CONCESSION AND THAT THE LIBYAN REVOLUTION HAS EXERCISED ONE OF ITS SOVEREIGN RIGHTS -- NATIONALIZATION -- WHICH IS A LEGITIMATE ACT APPROVED BY LAW AND INTERNATIONAL SOCIETY AND USED BY THE UK ITSELF. STATEMENT ALSO NOTED THAT COMPANY RIGHT "CONFINED TO SECURING JUST COMPENSATION FOR THE FUNDS AND PROPERTY WHICH HAVE BEEN TURNED OVER TO THE STATE." SECOND STATEMENT SIMILARLY SOUGHT COUNTER BRITISH TREASURY STATEMENT OF DECEMBER 14 REPORTEDLY ANNOUNCING EXPULSION LARG FROM THE STERLING AREA. LIBYAN STATEMENT, ISSUED BY MINISTRY OF TREASURY, CLAIMS LARG DECIDED TO LEAVE STERLING AREA WHEN IT ELECTED TO ABROGATE 1954 (DEFENSE) TREATY WITH THE UK. STATEMENT CONTINUES, CLAIMING LARG DID NOT BENEFIT FROM MEMBERSHIP IN STERLING AREA, THAT ASSETS FORMERLY DEPOSITED IN BRITAIN HAVE BEEN TRANSFERRED ELSEWHERE, AND THAT THEREFORE DEPARTURE FROM THE STERLING AREA HAS HAD NO EFFECT ON THE DINAR OR LIBYA'S RESERVES ABROAD. IN BID TO GAIN FULLEST POSSIBLE ARAB APPROBATION FOR NATIONALIZATION, LIBYAN INDEPENDENT AL-HURRIYAH EDITORIALIZED DEC 16 THAT LARG WAS ONLY ARAB COUNTRY DARING TO EXECUTE RECOMMENDATIONS OF THE LATE GREAT PRESIDENT NASSER, WHO SAID THAT "OIL IS A STRONG

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WEAPON THAT CAN BE USED AGAINST OUR ENEMIES".

4. QUESTION OF WHO WILL ACTUALLY RUN BP'S PRODUCING FIELDS AND TERMINAL CONTINUES TO RECEIVE CONSIDERABLE ATTENTION BY BOTH LARG AND UK. [redacted] B1

[redacted] 30 EXPATRIATES WILL NOT, OVER LONG HAUL, BE ABLE TO MAINTAIN PRODUCTION. [redacted] B1

[redacted] WE ALSO HEAR PERSISTENT RUMORS FROM US PE- TROLEUM COMPANY SOURCES HERE THAT LIBYANS ARE CONSIDERING ASKING ENI FOR ASSISTANCE IN RUNNING NATIONALIZED BP. [redacted] B4

[redacted] GP-4.

PALMER

NOTE BY OC/T: NOT PASSED CAIRO.

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[redacted]